

Minutes

Sacramento Suburban Water District

Regular Board Meeting

Monday, January 25, 2016

Call to Order

President Thomas called the meeting to order at 6:32 p.m.

Roll Call

Directors Present: Frederick Gayle, Craig Locke, Neil Schild, Kevin Thomas and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Dan Bills, Heather Hernandez-Fort, James Arenz, Greg Bundesen, David Espinoza, Dave Jones, John Valdes, Lynne Yost and Josh Horowitz.

Public Present: Robert Swartz, Brenda Davis, Jim DeHart, Ted Costa, William Eubanks, Avery Wiseman, Paul Stanbrough, Mitch Dion, Glen Jorgenson, Keith Durkin, Ben Borba.

Announcements

- Strategic plan meeting scheduled for Friday, February 19th at 4:00 p.m.
- Announcement of possible addition of closed session items.

President Thomas announced the desire to add Closed Session Items regarding the performance evaluation involving the General Manager.

Director Wichert commented that the Ad Hoc General Manager Performance Review Committee had meet and prepared a draft document that they would like to present to the full Board in Closed Session.

Director Gayle commented that all Directors should be given an opportunity to provide input to the draft document prior to a Closed Session meeting.

Josh Horowitz (Mr. Horowitz) clarified that the material could be provided to the other Board members in preparation for a Closed Session Item, with no input solicited.

General Manager Robert Roscoe (GM Roscoe) stated that the Board could vote to have the Item placed on the current Agenda for Closed Session.

GM Roscoe expressed that the Board President needed to appoint a labor negotiator.

Mr. Horowitz noted that the labor negotiator needed to be appointed in open session.

President Thomas appointed himself as the labor negotiator; Director Locke concurred.

Director Wichert moved to add a Closed Session item to the current agenda regarding the 2016 General Manager's performance review and plan, and to also include an Item to discuss the terms with the labor negotiator; Director Locke seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Public Comment

Director Schild commented that the Finance Corporation meeting is usually the first meeting in January. GM Roscoe stated that the Finance Corporation meeting will take place in February before the regular Board meeting.

Director Gayle requested further detail on the McClellan Business Park cleanup efforts to be placed on the agenda.

GM Roscoe clarified that the restoration and cleanup of the McClellan Business Park is frequently on the agenda under the GM Report items as it was for the current meeting.

Consent Items

1. Revised Minutes of the November 16, 2015 Regular Board Meeting
2. Minutes of the December 21, 2015 Regular Board Meeting
3. Claims Processing Policy (PL – Adm 007)
4. Capital Asset Policy (PL – FIN 002)

Director Wichert requested to move Item's 10 and 12 from Action to Consent.

Mr. Horowitz commented that the request was not allowed as the Items have been agendaized as Action Item, allowing for public comment.

President Thomas requested Item 2 be pulled.

Director Locke moved to approve Consent Items 1, 3 and 4; Director Schild seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Regarding Item 2, President Thomas noted that the Minutes of the December Regular Board Meeting needed to reflect that the meeting began at 6:30 p.m., not 6:00 p.m. as it was presented in the report.

Director Locke moved to approve Item 2, accepting the change as modified; Director Wichert seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and Action

5. **Resolution No. 16-01 Honoring Richard M. Franz on His Retirement**

GM Roscoe introduced the staff report. President Thomas recited the Resolution aloud.

Director Wichert moved to approve the Resolution; Director Locke seconded. The motion carried by unanimous vote.

A framed copy of the resolution was presented to Mr. Franz.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

6. **Benefits Presentation from ACWA/JPIA**

GM Roscoe introduced the staff report. He then introduced Andy Sells (Mr. Sells), Chief Executive Officer for JPIA and Sandra Smith (Ms. Smith), Employee Benefits Manager for JPIA.

Mr. Sells and Ms. Smith presented a PowerPoint presentation.

Discussion ensued relating to the presentation.

President Thomas requested the list of services that the Employee Assistance Program offered.

Director Schild inquired if it's a requirement for JPIA's health benefits to have 100% of the District's employees insured. Ms. Smith clarified the health benefits options, explaining that the District could allow for up to 25% of employees to opt out.

Director Wichert asked staff how the District compares the medical benefits package options.

GM Roscoe explained that staff compares costs and will only offer the higher of the lowest cost PPO or the lowest cost HMO plans as fully paid. Employee pay the overage if a more expensive plan is selected.

GM Roscoe further stated that the District is currently in the CalPERS medical benefits plan and explained that if the District left CalPERS, there would be a mandatory 5 year period where the District would not be allowed back.

Director Wichert inquired how JPIA differentiated themselves from CalPERS.

Mr. Sells expressed that once a District comes into their program, they generally don't leave.

Director Wichert requested a list from Mr. Sells of who JPIA provides medical benefits to in the surrounding area.

Mr. Eubanks commented.

7. **San Juan Water District Water Rights Review**

GM Roscoe introduced the staff report.

Brenda Davis (Ms. Davis) presented the PowerPoint presentation.

Director Wichert inquired about reductions in year three of the presentation; Ms. Davis clarified the amounts available.

President Thomas inquired if a reclamation M&I (Municipal and Industrial) shortage plan would reduce water available.

Ms. Davis stated that the chart was not based on the reclamation M&I shortage plan; rather it was based on the Water Forum Agreement.

Director Gayle questioned if the two Districts merged, would the new combined District assume all prior contracts.

Ms. Davis explained that those contracts would still continue to be honored.

Director Wichert inquired if the WCA had a potential to show beneficial use of the water provided to the wholesale agencies, and asked further questions about the WCA.

Ms. Davis explained that there are potential benefits.

Director Wichert inquired if there was a functional independent contractual relationship to just buy and sell water to the San Juan Water District (SJWD), would that make the District a wholesale agency.

Ms. Davis answered that it would not.

Director Wichert further explained that the District could purchase water under a transfer agreement from SJWD, and not be a wholesale agency.

GM Roscoe further explained Exhibit A and the CVP contract .
Mr. Eubanks commented.

8. **Legal Services Contract for District General Counsel**

GM Roscoe presented the staff report.

Mr. Eubanks commented.

President Thomas expressed that he believed that the District’s Legal Counsel is a great value to the District.

Director Gayle moved to accept the staff recommendation, President Thomas seconded.

Director Wichert expressed that there is an irreconcilable conflict of interest. He further stated that he would have moved to solicit for other proposals so that the District had something to compare to.

Director Schild stated that he didn’t believe that the District was getting good service and that he believes that the Board needs more control of the legal services contract. He further stated that he agrees that the District should get more proposals.

President Thomas reiterated the motion to accept staff recommendation and retain BKS as General Counsel updating the contract for legal services. The motion carried on a 3/2 vote.

AYES:	Gayle, Locke and Thomas.	ABSTAINED:	
NOES:	Schild and Wichert.	RECUSED:	
ABSENT:			

9. **Board Member Out of State Travel Request**

GM Roscoe presented the staff report suggesting that the Board identify which Board Director/s are approved.

Director Gayle moved to approve the staff report.

Director Gayle clarified that he wanted to attend the Cap to Cap Conference. Director Locke expressed that he is interested in attending however is unable to attend due to a work conflict. President Thomas echoed Director Locke’s interest in attending and explained he is also unable to attend due to conflict.

Mr. Eubanks commented.

President Thomas moved that any Director interested in attending the Cap to Cap is able to attend.

Director Schild commented that the Directors should decide very soon as the deadline is approaching.

Director Wichert stated that he was willing to consider going on the trip.

Director Gayle moved to approve any Director to attend the Cap to Cap Conference; Director Locke seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

10. **Resolution No. 16-02 Fixing the Employer Contribution Under the Public Employees' Medical and Hospital Care Act**

A written report was provided.

Director Wichert moved to approve the Resolution; Director Locke seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

11. **Execution of the Fifth Year of Existing Master Service Contracts for Main Replacement Projects**

Dave Jones (Mr. Jones) presented the staff report.

Director Schild inquired what the timeframe was for the contract.

Mr. Jones clarified that it covered contracts entered in 2016.

Director Schild moved to award the contracts; Director Wichert seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

12. **Paving Partnership Agreement with County of Sacramento for 2015 Main Replacement Projects**

A written report was provided.

Director Wichert moved to approve the staff recommendation; President Thomas seconded. The motion carried by unanimous vote.

AYES:	Gayle, Locke, Schild, Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

13. **Rules for Proceedings of the Board of Directors (PL – BOD 002)**

GM Roscoe presented staff report.

Director Schild reminded the Board that they had an opportunity to make comments on the Policy.

Director Wichert expressed that the comment to the Policy regarding the two votes idea wouldn't work as nothing can pass by only two votes.

Director Schild indicated that 3 Directors constitutes a quorum, and that they are able to vote by majority.

GM Roscoe clarified that the Water Code states that no ordinance, resolution, or motion shall be passed or become effective without the affirmative votes of at least a majority of the board, not a majority of those present.

Director Wichert echoed GM Roscoe in stating that it was his interpretation of the law as well. He further commented that he is not in favor of the comments to change rule 1 either.

GM Roscoe clarified that the staff recommendation was for Exhibit 2.

Director Wichert moved to approve the staff recommendation; Director Locke seconded. The motion carried by a 4/1 vote.

AYES:	Gayle, Locke, Thomas and Wichert.	ABSTAINED:	
NOES:	Schild	RECUSED:	
ABSENT:			

Information Items

14. **Water Conservation and Regional Water Efficiency Program Report**

Greg Bundesen (Mr. Bundesen) presented the staff report.

Director Gayle requested verification that all areas in the District receive outreach including Twin Rivers. He further requested to see a copy of the Twin Rivers Variance.

Mr. Bundesen explained that all areas of the District are included in District outreach, and explained that he will provide that information to him.

- a. *Drought Report*
A written report was provided.
- b. *Summary of Activities During December 2015*
A written report was provided.
- c. *Water Conservation Program and Results*
A written report was provided.
- d. *Upcoming Events*
A written report was provided.

15. **District Activity Reports**

Assistant General Manager York (AGM York) presented the staff report.

- a. *Water Operations and Exceptions Report*
A written report was provided.
- b. *Customer Service Report*
A written report was provided.
- c. *Community Outreach Report*
A written report was provided.

16. **Engineering Report**

John Valdes (Mr. Valdes) presented the staff report.

Director Schild inquired about the status of the Rutland well and redundant power.

Mr. Valdes explained that staff is still working with SMUD.

Discussion ensued regarding redundant power and SMUD's previous shortage plans of rolling blackouts.

- a. *Major Capital Improvement Projects*
A written report was provided.
- b. *County and City Projects/Coordination*
A written report was provided.
- c. *McClellan Business Park*
A written report was provided.
- d. *Groundwater Quality Projects*
A written report was provided.

- e. Developer Projects*
A written report was provided.
- f. Water System Master Plan Update and 2015 Urban Water Management Plan*
A written report was provided.
- g. Other*

17. Financial Report

Dan Bills (Mr. Bills) presented the staff report.

Director Wichert expressed that he liked the extra detail that was included in the report.

- a. Draft Financial Statements*
A written report was provided.
- b. Draft Investments Outstanding and Activity – December 2015*
A written report was provided.
- c. Draft Cash Expenditures – December 2015*
A written report was provided.
- d. Draft Purchasing Card Expenditures – December 2015*
A written report was provided.
- e. Draft Directors Compensation and Expense Accounting – December 2015*
A written report was provided.
- f. Draft Market Report Yields – December 2010 through December 2015*
A written report was provided.
- g. Draft District Reserve Fund Balances – December 2015*
A written report was provided.
- h. Draft Information Required by Bond Agreement*
A written report was provided.

18. 2015 Final CIP Budget Reallocations

Mr. Bills presented the staff report.

19. Financial Markets Quarterly Report

Mr. Bills presented the staff report.

20. Year-to-Date Interest Expense Quarterly Report

Mr. Bills presented the staff report.

21. **Cal WaterFix Update**
GM Roscoe presented the staff report.
22. **General Manager's Report**
GM Roscoe presented the staff report.
 - a. *State of the Basin Update*
A written report was provided.
 - b. *McClellan Restoration Advisory Board (RAB) Meeting Update*
A written report was provided.

Director Wichert commented on the Hexavalent Chromium levels at McClellan Business Park. Discussion ensued regarding the Hexavalent Chromium levels.

Director Gayle recommended more Directors attend the RAB meetings.
 - c. *Report on Website Review*
Director Wichert commented that he has been unable to see the metered usage on the Customer Portal.
 - d. *Antelope North Road Property Purchase Update*
A written report was provided.
 - e. *ACWA Committee Appointments*
A written report was provided.
 - f. *Succession Planning*
A written report was provided.
 - g. *Regional Water Authority Board of Director Appointments*
A written report was provided.
23. **Prop. 84 Grant and O&M Agreement with City of Sacramento for Enterprise Intertie Improvements**
GM Roscoe presented staff report.
24. **Legislative and Regulatory Update**
GM Roscoe presented staff report.
25. **Human Resources Quarterly Report**
A written report was provided.
26. **CIP Projects Quarterly Report**
A written report was provided.

27. **Environmental Compliance Annual Report**

A written report was provided.

28. **Long Term Warren Act Update**

GM Roscoe presented staff report.

29. **Preventive Maintenance Annual Report**

A written report was provided.

Committee Reports

30. a. *Facilities and Operations Committee (Director Locke)*

Notes from January 8, 2016 meeting.

b. *Finance and Audit Committee (Director Thomas)*

No report.

c. *Government Affairs Committee (Director Locke)*

No report.

d. *Ad Hoc Water Banking and Transfer Committee (Director Wichert)*

No report.

e. *Ad Hoc Water Rights Review Committee (Director Schild)*

No report.

Director's Reports (Per AB 1234, Directors will report on their meeting activities)

31. a. *Regional Water Authority (Director Thomas)*

Agenda from the January 14, 2016 meeting.

Regional Water Authority Executive Committee (General Manager Roscoe)

No report.

b. *Sacramento Groundwater Authority (Director Schild)*

No report.

c. *Water Forum Successor Effort (Assistant General Manager York)*

Agenda from the January 14, 2016 meeting.

Carryover Storage Working Group Meetings

No report.

Water Forum Dry Year Conference Meeting

No report.

Water Caucus Meeting
Agenda from the January 13, 2016 meeting.

d. Other Reports

President Thomas provided oral reports regarding his meetings on December 9th and 28th, 2015 and January 15th and 21st, 2016 with GM Roscoe, AGM York and Mr. Bills. President Thomas also provided oral reports regarding the Aerojet CAG Meeting on January 20, 2016. Director Locke provided an oral report regarding his meeting with GM Roscoe on December 22, 2016.

Miscellaneous Correspondence and General Information

32. Certain correspondence received by the District was provided. Director Wichert commented on a letter written by District staff, suggesting that staff correctly express that the District purchases water from PCWA which is treated by the SJWD, not that the District purchases water from SJWD.
33. General Information related to District business was provided.

Director's Comments/Staff Statements and Requests

None.

Closed Session (Closed Session Items are not opened to the public)

The Board convened in closed session at 10:05 p.m. to discuss the following:

34. The Board Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957

Return to Open Session

The Board convened in open session at 11:07 p.m. There was no reportable action.

Adjournment

President Thomas adjourned the meeting at 11:08 p.m.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District